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ANOTHER ANNUAL REPORT
TO THE SHAREHOLDERS OF
CENTRAL NATIONAL BANK
OF CLEVELAND • FOR 1945

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ANNUAL REPORT TO SHAREHOLDERS

YEAR 1945

CENTRAL NATIONAL BANK
OF CLEVELAND

THE ANNUAL REPORT TO SHAREHOLDERS

CLEVELAND • OHIO

JANUARY 8, 1946

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AT THEIR 56TH ANNUAL MEETING

The year 1945, the period covered in this report, is a year of exceedingly great importance in the history of mankind.

With a vividness surpassing the Armistice year of 1918, the year 1945 is destined to be remembered and referred to through the ages for its startling revelation in science, for the overthrow of war criminals and, combining these two events, for clearing the pathways to peace.

The end of hostilities at mid-year gave us opportunity to submit to you a brief, interim report touching only lightly on the immediate prospects for business. Today's problems bring into sharper focus the magnitude of our duties. A great deal still is wanting in clarification of the work lying ahead; and included in the major tasks are demobilization of men and machinery, re-employment, labor adjustments and reconversion of industry.

Then, too, there is a new awareness of Might in this discovery of new sources of energy, accompanied by the realization of our new, and God-fearing responsibilities in the humanities. Never more clear was the challenge and our avowed desire to establish Right on these devastated pathways which should lead to full enjoyment of life. Banking people throughout the world have an essential role to play in all of this.

The determination to win the peace still remains the goal, and the declaration of hope expressed by leaders furnishes comfort in the belief that most obstructions to it can be overcome.

Demands of business always are reflected in the accounts of banks. The extraordinary conditions recently existing being no exception, banking income has been high and so, too, expense.

REPORT OF EARNINGS

Net earnings from operations for the year, after providing adequate reserves for taxes (excluding income taxes), interest and accrued expenses amounted to $1,703,454.42. Dividends on preferred stock were paid and accrued in the amount of $273,649.31, equivalent to $1.09 per common share. Income taxes amounting to $370,000.00 or $1.48 per common share were accrued on net operating earnings after giving effect to income tax credits resulting from the final disposition of assets previously charged off. The net operating earnings, therefore, were $1,059,805.11 or $4.24 per share. Add to this, non-recurring earnings from recoveries and bond profits totaling $901,859.44 or $3.60 per share, results in the total earnings from all sources of $1,961,664.55 or $7.84 per share. $938,883.62 was transferred to reserves;

ESPRIT de CORPS—AS SHOWN BY SHAREHOLDERS

Ownership of Central National Bank of Cleveland, as with other banks of America, is vested in the hands of a large number of persons known as stockholders, or holders of the shares of the bank's capital stock.

Shareholders of this bank's capital stock, numbering 2,160, are located, for the most part, within the immediate vicinity of Cleveland. They represent practically all walks of life, the many vocations, trades, callings and professions of society; a small portion of shares is held under trusteeships of one kind or another. Each share of stock has for its ultimate ownership some person who regards it as his property and looks to it for the good accruing from it.

Stockholders of other kinds of business enterprise in America—for example, manufacturers of automobiles and parts, producers of foodstuff and distributors of sundry articles—have occasion to develop an ownership pride through actual possession or use of the goods sponsored by these corporations. They are reminded of mutual profit which follows when they carry out the practice of becoming a user of the goods which their ownerships of stock—their investment of dollars in the capital stock of their companies—make possible.

As much consideration may well be given the actual and potential benefit accruing to shareholders of a bank, where the same practice of being an owner-user is applicable. It would seem that even in the instance of a bank shareholder, a certain mystery about fundamentals of banking exists. If so, the fault lies not with the shareholders, but in failure of management itself to make the living process of banking entirely clear. It is for that reason, therefore, that officers of this bank, year in and out, and at quarterly intervals meanwhile, present the detailed report of operations, accounting for every dollar of capital employed, summary facts about income and outgo, how earnings are derived and distributed. Such a report is evidence that officers and staff are eager to supply shareholders with complete information; also that they seek ways and means of maintaining a sound banking structure, equally attractive to shareholders as investors in the bank and to the public at large, among whom are depositors and customers, or users of the services. The working staff of the bank is prepared to follow up suggestions made by shareholders for improving and increasing business, which, after all, is the shareholders' business.

Once more we cordially invite our shareholders to get in touch with members of the official staff in connection with any matter of banking interest. Perhaps a better knowledge of what is offered by the bank—and a better acquaintanceship with its officers and directors—can be gained by a review of the names and the synopsis of services appearing on pages 27, 28 and 29 of this annual report.

$464,012.37 to preferred stock retirement fund; and $558,768.56 to undivided profits. Two dividends totaling $175,000 were paid to common shareholders during the year—the first in February and the second in August, and this sum was charged to undivided profit account.

Operating earnings for 1945, after preferred stock dividends, increased $1.15 per share over 1944. This increase, however, was completely offset by the substantial increase in income taxes of $1.24 per share, resulting in lower operating net earnings of $.09 per share.

A substantial portion of the cost of income taxes was overcome through ability to attain an increased earning asset position and results achieved from sound adjustments in loan and bond portfolios. Loan volume declined throughout the year until the last quarter when the trend reversed itself toward higher levels with indications that a continued increase may be expected through the reconversion period. The securities account of $242,390,378.06 showed a steady increase throughout the year.

OPERATING EXPENSES AND RESERVES

Operating expenses increased during the year. The importance of taxes paid is reflected in the increasing amount by which taxes reduce operating earnings. For the year 1945, taxes of all kinds amounted to $828,161.31, not including real estate taxes. Insurance on deposits amounted to $236,393.36, a total of $1,064,554.67 for these two items. This is equivalent to $4.25 per share of common stock. In anticipation of expenses to be incurred in connection with re-location of the Main Office, $100,000.00 has been reserved from 1945 earnings.

Assets previously charged off and finally disposed of in 1945 permitted a tax deduction sufficient to reduce estimated income tax liability on operating earnings from $450,000.00, to $370,000.00, which amount has been reserved to meet tax payments as they mature. It is again important to call to the attention of the shareholders that in 1946 there will be substantially less charged-off assets to be disposed of and, therefore, there will be less income tax credit with the result that income taxes on earnings will again increase. To a great extent tax credits have been absorbed and existing tax rates will have greater effect in reducing net earnings after taxes than at any time in the history of the bank.

From reserves provided for the purpose, undesirable assets amounting to $15,729.66 were charged off during the year. This type of asset is eliminated regularly during the year and our experience shows that recovery on these assets continues to be excellent. Our reserves of $3,304,216.55, which increased $923,153.96 in 1945, are entirely free reserves and there are no known losses which have not been eliminated from the books of the bank.

DEPOSITS

As everyone knows, the measure of usefulness of a bank is largely the total of all money placed in it as deposits—that is, in savings accounts and in commercial or checking accounts. All shareholders are reminded of the importance to themselves, and to the bank as a vital factor in the community, of using their bank, as many do, for the depositing of their funds, as well as recommending to others that they do likewise. While such a reminder carries with it a simple appeal to loyalty, which is essential to continued progress, there is, in addition, the splendid opportunity here for each one who makes of himself an exponent of thrift and efficiency to play his part in discouraging the practice of keeping cash in mattresses or buried in tin cans.

As a champion of thrift in all its forms, a stockholder easily qualifies as a leading thinker in his family, business and social groups when he cooperates in his bank's aim to have as large as possible a proportion of citizens with bank deposits in their names. The stockholder, as a person thoroughly familiar with plain economics, knows that "money in the bank" is a measure of a person's stability, self-reliance and responsibility.

CASH AND SECURITIES

Cash and its equivalent total $76,578,721.70, which is 19.52% of deposits as compared with 22.77% at the close of last year. Total securities owned are as follows:

U. S. Government Securities:	under 1 year	54.06%	$130,806,286.85
	from 1 to 4 years	1.68	4,055,132.75
	from 5 to 9 years	21.50	52,033,856.39
	10 years and over	21.81	52,759,686.34
Total U. S. Government		99.05%	$239,654,962.33
Municipal Securities		.03	73,000.00
Corporate Securities		.92	2,219,915.73
Total Other Securities		.95%	$2,292,915.73
Total		100.00%	241,947,878.06
Federal Reserve Bank Stock			442,500.00
Total Securities			$242,390,378.06

The present market value of these securities is approximately $5,100,000.00 in excess of the book value.

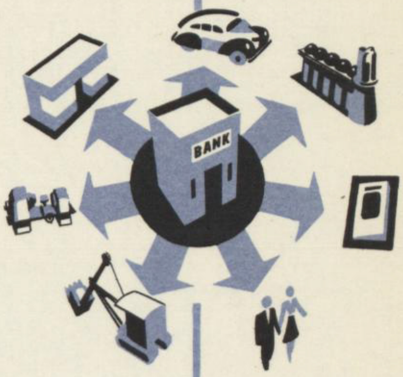
LOANS AND DISCOUNTS

Distribution of our loan portfolio is as follows:

Collateral Loans	$44,737,272.11
Unsecured Loans	23,873,269.02
Mortgage Loans	20,634,582.81
Acceptances	583,028.41
Total	$89,828,152.35

Loans to war goods producers bearing the guarantee of the Army, Navy and Maritime Commission are being paid as the result of terminations and cancellations of war contracts. The undisbursed portions of these loans are being cancelled by the borrowers and there has been a decline in the interest and commitment fees being received on this type of loan. Off-

LOANS



From the foregoing statement about the deposit reservoir, stockholders and others recognize, of course, that the end result of the banking process is investment of these funds in various assets. Chief of which is good, sound loans—loans of all kinds and amounts, small sums for personal needs, large sums for business purposes. In a commercial bank like ours, loans constitute a principal source of income.

It may be an eye-opener to many to review the list of different kinds of loans made by this bank as shown on pages 27 and 28. They will suggest to you, and through you to others, the variety of situations in the circumstances of an individual or an enterprise where bank loans can be arranged to meet a need.

Central National Bank of Cleveland has popularized the lending function of banking, which is frequently subject to thoughtless criticism in the American scene, by referring to loans of any kind or amount as Task-Loans. Bankers traditionally have assumed that everyone knows all about the lending function of banking. But you, as stockholders, have the opportunity to explain to less informed acquaintances the value of loans, describing the various kinds of arrangements we have in Task-Loans, which help a borrower perform a definite task, ranging from the purchase of modern machinery, like a locomotive, or equipment for his plant, to the payment of medical bills incurred by his family.

Banks like ours are prepared for the period of change from turmoil to peace to meet the demands for loans, and we welcome applications for them.

setting this decline there is a noticeable increase in demands for loans for peacetime goods and it is expected that loans will materially increase during the first half of 1946. A satisfactory increase is expected in our consumer credit department just as soon as consumer goods are available in volume. The lending of money to individuals, partnerships and corporations is one of our first objectives in the conversion of available funds into working assets.

REAL ESTATE MORTGAGE LOANS

The number of real estate mortgages owned and the total amount thereof declined slightly during the year. The total of $20,634.582.81 represented 5,294 mortgages of which 2,114 were FHA insured loans totaling $10,445,856.83. We have funds available for a substantial increase in mortgage loans, but it is not expected that our desired position in this earning asset will be reached until there is adequate labor and ample material for residential construction. Of the total mortgage loans there are delinquencies as to interest on 136 loans or 2.57% of the total number representing a principal balance of $443,828.39, which is 2.15% of the total mortgage loans.

BANKING PREMISES ACCOUNT

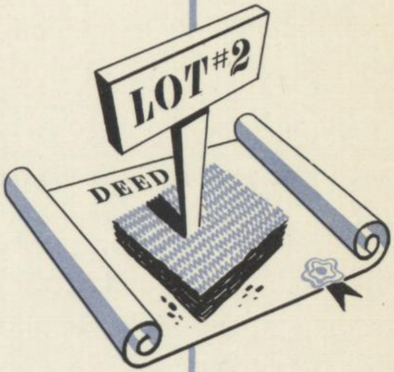
The banking premises account amounting to $2,438,101.51 is down $61,829.76 during the year. This decrease represents depreciation at the allowable rates for income tax purposes and there were no additions to the account in 1945. This total figure represents the depreciated book value of all of the bank-owned branch office properties.

As previously reported, the Main Office building at 308 Euclid Avenue was sold in 1943. Our removal from the premises under the terms of our lease arrangements presents a major consideration in our housing situation. On this, there has been no decision. Numerous sites for occupancy have been offered us and exhaustive studies are under way. When a decision has finally been reached, public announcement of our plans will be made promptly.

DEPOSITS

Deposits increased $48 million during the year, reaching a total of $392 million at the year's end. Of this total, demand deposits represent 74.65% and time deposits 25.35%. Included in these totals are Public Funds of $12 million and war loan deposits of $85 million. Particularly gratifying is the constant increase in savings deposits in every month throughout the year.

REAL ESTATE MORTGAGE LOANS



The reputation of Central National Bank of Cleveland as a mortgage loan institution is well established. This is evidenced by the high percentage of funds entrusted to the bank which are distributed to borrowers as loans secured by real estate used for many purposes. This operation requires the services of one of the largest departments in the bank, where the specially trained personnel provides skill and prompt consideration in the treatment of applications for financial assistance. It may be that stockholders, with their prime interest in the bank and as advisors in housing problems, can be of real assistance to many.

As stockholders are well aware that the largest investment the average family makes in a lifetime is in a house and lot, it is important that prospective borrowers get the very best advice in connection with their plans. Our methods of handling applications for loans, from the inception of the idea through to the disbursement of the funds; counselling on every phase of development of the project; providing the escrow service; and our experience in "staying with" the loan and serving the borrower through the dozen or more years of repayment by installments—are such as to justify enthusiastic recommendation by shareholders and other friends.

Today's shortage in living accommodations makes the potential volume of construction very large; and the acute conditions of today require the most careful planning by the prospective borrower against the day when restrictions are entirely lifted and building supplies will be ample.

Because the deposit reservoir available for real estate mortgage loans now is at its highest peak in the bank's history, we are eager to grant loans of this type. They are mutually profitable.

CAPITAL STRUCTURE

The Capital Structure as of December 31, 1945:

Preferred Stock—375,000 shares—Par Value $16.00 retirable at issue price of $24.00 per share	$ 6,000,000.00
Common Stock—250,000 share—Par Value $20:00	5,000,000.00
Surplus	4,000,000.00
Undivided Profits	539,524.46
Preferred Stock Retirement Fund	130,137.19
Reserves	3,304,216.55
Total	$18,973,878.20

Preferred stock with a retirable value of $600,000, represented by 25,000 shares was retired in 1945. The par value of the outstanding preferred stock was reduced by $400,000 and the difference between the par value and the retirable value amounting to $200,000 was charged to the preferred stock retirement fund.

Surplus was increased $750,000 by transfer of $400,000 from the preferred stock retirement fund (based upon the par value of the preferred stock retired) and $350,000 from the undivided profits account. Undivided profits increased $33,768.56.

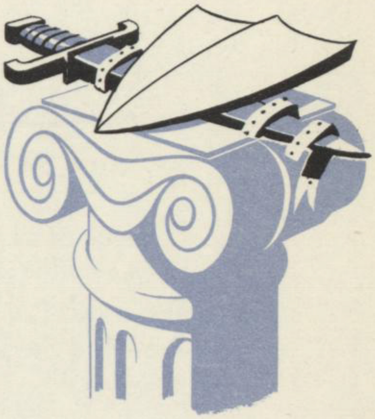
The equity of common shareholders was increased $1,770,934.89 during the year:

Net Operating Profit (Before Federal Income Taxes)		$1,429,805.11
Profit on Securities Sold (Net)		272,400.34
Recoveries (Including Income from Non-book Assets)		629,459.10
Total		$2,331,664.55
Less:		
Provision for Federal Income Tax	$370,000.00	
Dividend on Common Stock	175,000.00	
Amounts Written Off	15,729.66	
Total Deductions		$ 560,729.66
Increase		$1,770,934.89
Increase per Common Share		$ 7.08

DIVIDENDS

Dividend on the common stock was slightly increased during 1945. Attention of the shareholders is invited to a comparison of 1945 operating earnings and those of 1944. While net

TRUST SERVICES



Safeguarding the property of others, backing up with the bank's resources the decisions and actions of officers who act on others' behalf, constitute a modern stewardship of great value to individuals and families, to estates of deceased, to endowed institutions and foundations.

There may be some stockholders who are not familiar with all the services of their bank's trust department—both personal, or estates division, and the corporate division. A partial remedy for this situation is offered in the list of these services in the appendix of this report. More than that, we offer further sources of information in descriptive booklets and other printed pieces which you may receive for the asking or request us to send to others.

In the spirit of protector of property, we consider it a prime duty to share with every stockholder and customer of the bank full information on the many benefits which flow from years of experience in protecting lifetime accumulations of cash, securities, real estate, and planning for an estate's efficient management and fruitfulness in keeping with safety.

And in the same spirit of fidelity and confidence, we act for corporations in such capacities as transfer agent and registrar of capital stock and bond issues, serving as trustee under pension plans, for old-age retirement and profit-sharing agreements.

Stockholders themselves may desire to shift their burdens of personal responsibilities to others. Indeed, by utilizing their bank's trust services as relief from trouble and worry, they can gain additional years of more pleasant and happy life for themselves and their families, friends and business associates.

operating profits before federal income taxes were higher in 1945 these profits after federal income taxes are slightly lower. The 1946 income tax liability will be substantially increased over 1945 for reasons heretofore explained. The bank is required to set aside a substantial portion of its earnings for the retirement of preferred stock. Meanwhile, the importance of increasing common capital to offset at least preferred stock retired, is understandable to everyone. In view of these circumstances the management again will recommend a conservative dividend policy in order that earnings may be used largely to increase common capital structure and permit the retirement of preferred stock. This policy, of course, results in substantial increases in the book value of the common shares.

The advisability of accelerating preferred stock retirement with funds derived from sources other than earnings is under constant study. Obviously, any material acceleration beyond normal retirement must come from funds representing the proceeds of the distribution of additional common shares. If the common stock were to be increased, shareholders would receive subscription rights and the funds received for new shares would be applied toward reducing the amount of the outstanding preferred stock. The ultimate retirement of all preferred stock is a required objective and the final replacement of this temporary capital with permanent common capital will result in substantial benefits to the common shareholders. The shareholders will be fully informed at a later date of any change in the program or the policy affecting the common and preferred shares.

* * * *

The bank has made great contributions to the national emergency throughout the war period, and the year 1945 is as important to us in banking as it is to makers of war products. The figures are, indeed, impressive. Figures and facts, however, are mere symbols of the human energy and intelligence creating them. In conclusion, therefore, let me express for permanent record a sense of pride and thankfulness for our organization, for whom I have the honor to speak, and in so doing I pay tribute to members of our staff and our Directors for their unflagging devotion to duty. Special joy arises from the fact that of the scores leaving our ranks for duty with the armed forces, not one was killed. We are further blessed now in welcoming them home.

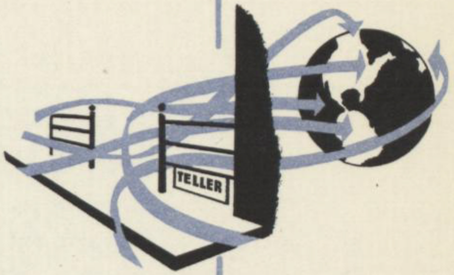
Respectfully submitted,

JOHN C. McHANNAN
Chairman

LORING L. GELBACH
President

January 8, 1946

FOREIGN DIVISION



Within the meaning of Shakespeare's "Puck", who said he'd, "put a girdle 'round about the earth in forty minutes", the world of business today, with its vast resources and transportation systems, is brought within the scope of activity of this bank's Foreign Division—and in keeping with demands of swiftly passing time.

Businessmen recognize quickly changing conditions in commerce and trade, particularly in the reconversion period. Goods and services, raw materials and manufacture are involved in the great lashing out for markets everywhere.

Stockholders know that their bank's Foreign Division, interrupted only temporarily while nations fought each other, has kept abreast of world trade conditions for many years. Once more the cryptic cable signature "Central" is flashing over cable and radio to speed shipments, facilitate exchange of monies, serving exporters and importers, as well as travellers by air, rail and water.

The element of time saved, knowledge of market peculiarities, credit conditions, terms of sales—information kept up to the minute for the benefit of bank customers—constitute additional service for bank stockholders and customers. Cleveland, favored by its geographical position in the Great Lakes Industrial Region, is becoming more and more headquarters for American business management; and with this trend, Exporting from the Interior, with its counterpart Importing, is more and more a realization.

Stockholders have the opportunity to serve well their fellowmen in foreign trade, saving time as well as money and business headaches, by recommending a visit or a telephone call to their bank's Foreign Division. It is no Puckish dream.

CONDENSED STATEMENT OF CONDITION

ASSETS

	December 31, 1945	December 30, 1944
Cash in Vault and Due from Banks	$ 76,578,721.70	$ 78,416,571.66
U. S. Government Obligations	239,654,962.33	184,953,216.15
Other Bonds and Securities, Including Stock of Federal Reserve Bank	2,735,415.73	3,619,944.26
Loans and Discounts	89,828,152.35	92,456,510.77
Customers' Liability under Acceptances and Letters of Credit Outstanding	3,246,795.61	1,676,615.39
Banking Premises	2,438,101.51	2,499,931.27
Accrued Interest and Other Assets	1,081,045.49	749,097.60
	$415,563,194.72	$364,371,887.10

LIABILITIES

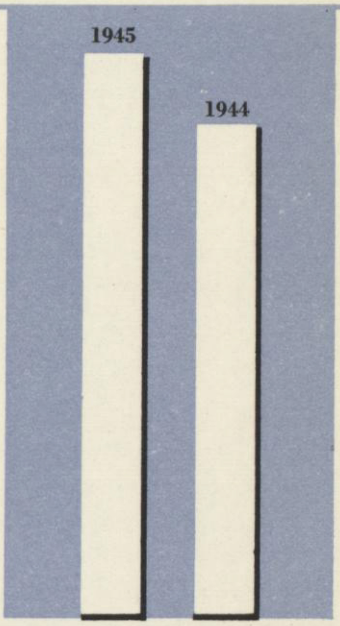
	December 31, 1945		December 30, 1944	
Deposits:				
Demand	$187,483,319.02		$197,916,170.38	
Time	98,032,686.07		77,763,346.56	
Trust and Public Funds	21,099,691.34		27,666,810.49	
U. S. Government War Loan Account	85,713,230.84	$392,328,927.27	40,981,246.30	$344,327,573.73
Acceptances and Letters of Credit Outstanding		3,246,795.61		1,676,615.39
Accrued Interest, Taxes, Preferred Dividend, etc.		1,013,593.64		564,754.67
Capital Accounts:				
Preferred Stock—par value $16 Retirable at issue price of $24	$ 6,000,000.00		$ 6,400,000.00	
Common Stock—250,000 shares par value $20	5,000,000.00		5,000,000.00	
Surplus	4,000,000.00		3,250,000.00	
Undivided Profits	539,524.46		505,755.90	
Preferred Stock Retirement Fund	130,137.19		266,124.82	
Total	$ 15,669,661.65		$ 15,421,880.72	
Reserves	$ 3,304,216.55	18,973,878.20	2,381,062.59	17,802,943.31
		$415,563,194.72		$364,371,887.10

United States Government obligations and other assets were pledged to secure trust deposits and public funds and for other purposes as required by law: at December 31, 1945—$110,128,700.77; at December 31, 1944—$71,381,408.37.

Member Federal Deposit Insurance Corporation

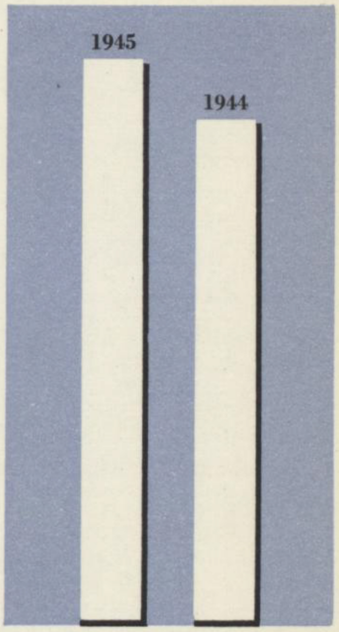
STATEMENT OF INCOME AND EXPENSE

OPERATING INCOME	1945	1944
Interest on Loans (After Amortization)	$2,444,227.05	$2,429,209.50
Interest on U. S. Securities (After Amortization)	2,768,635.60	2,038,251.13
Interest on Other Securities (After Amortization)	89,338.87	113,145.84
	$5,302,201.52	$4,580,606.47
Income from Bank Building Tenants	$ 231,843.48	$ 243,171.48
Trust Department Income	495,186.63	405,734.94
Service Charges	413,994.83	389,191.94
Other Income	140,025.15	100,883.91
TOTAL OPERATING INCOME	$6,583,251.61	$5,719,588.74



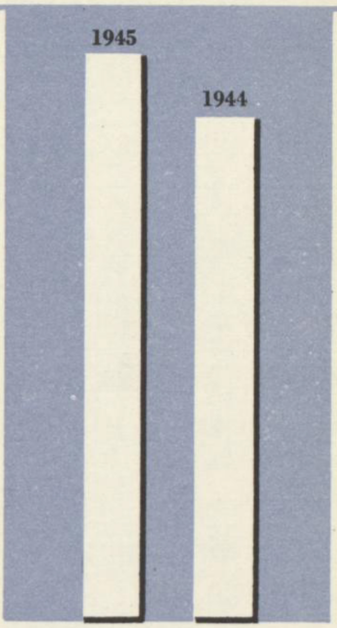
TOTAL OPERATING INCOME

OPERATING EXPENSES	1945	1944
Interest on Time Deposits	$ 738,213.68	$ 578,013.64
Salaries and Wages	1,970,410.21	1,840,766.34
Occupancy Expenses (Including Real Estate Taxes)	546,089.07	533,914.12
Taxes (Other than Real Estate and Federal Income)	458,161.31	392,424.30
Federal Deposit Insurance	236,393.36	201,441.68
Other Expenses	930,529.56	738,164.36
TOTAL OPERATING EXPENSES	$4,879,797.19	$4,284,724.44



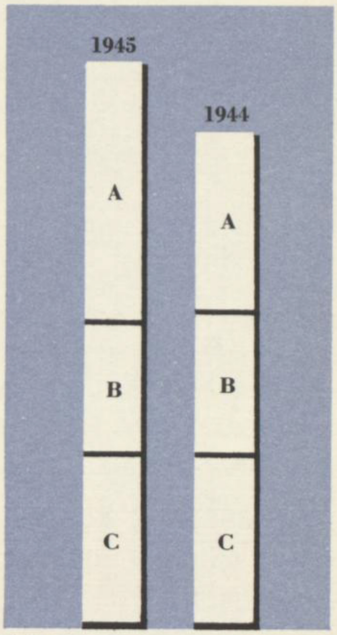
TOTAL OPERATING EXPENSE

	1945	1944
OPERATING PROFIT BEFORE DIVIDENDS AND INCOME TAX	$1,703,454.42	$1,434,864.30
Deduct Provision for Dividend on Preferred Stock	273,649.31	291,814.51
Operating Profit before Income Tax	$1,429,805.11	$1,143,049.79
Add—Profit on Securities Sold (Net)	272,400.34	178,430.08
—Recoveries (Including Interest)	629,459.10	388,901.86
TOTAL	$2,331,664.55	$1,710,381.73
Deduct Provision for Federal Income Tax	370,000.00	60,000.00
TOTAL NET EARNINGS	$1,961,664.55	$1,650,381.73



TOTAL NET EARNINGS

DISTRIBUTION OF NET EARNINGS	1945	1944
To Reserves	$ 938,883.62	$ 602,951.27
To Preferred Stock Retirement Fund	464,012.37	477,832.18
To Undivided Profits	558,768.56	569,598.28
TOTAL	$1,961,664.55	$1,650,381.73



A: Reserves
B: Preferred Stock Retirement Fund
C: Undivided Profits

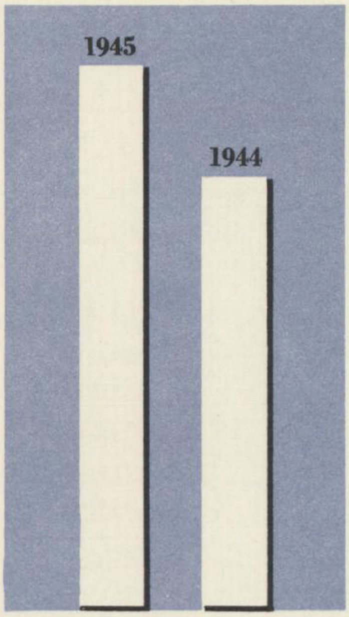
CAPITAL ACCOUNTS

SURPLUS

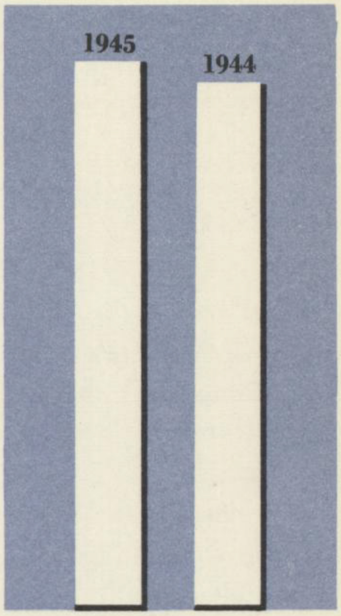
December 31, 1945	$4,000,000
December 30, 1944	$3,250,000

UNDIVIDED PROFITS

December 31, 1945	$539,524.46
December 30, 1944	$505,755.90



STATEMENT OF SURPLUS



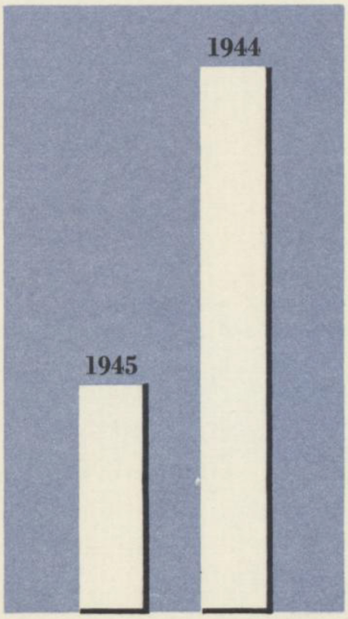
UNDIVIDED PROFITS

RESERVE FOR PREFERRED STOCK RETIREMENT FUND

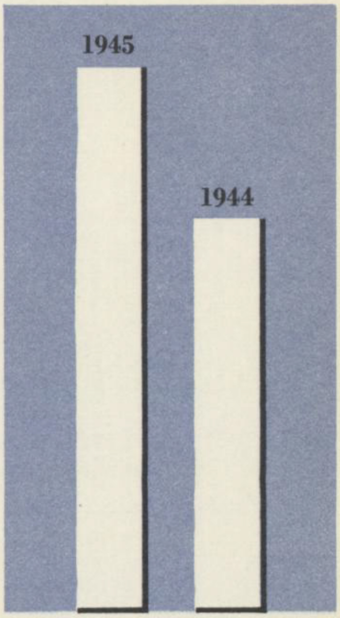
December 31, 1945	$130,137.19
December 30, 1944	$266,124.82

RESERVES ACCOUNT

December 31, 1945	$3,304,216.55
December 30, 1944	$2,381,062.59



RESERVE FOR PREFERRED STOCK RETIREMENT FUND



STATEMENT OF RESERVES ACCOUNT

STATEMENT OF SURPLUS ACCOUNT

Balance Forward—January 1, 1945		$ 3,250,000.00
Additions		
Transferred from Undivided Profits	$350,000.00	
Transferred from Reserve for Preferred Stock Retirement Fund	400,000.00	750,000.00
Balance—December 31, 1945		$ 4,000,000.00

STATEMENT OF UNDIVIDED PROFIT ACCOUNT

Balance Forward—January 1, 1945		$ 505,755.90
Additions		
From Current Earnings		558,768.56
Total		$ 1,064,524.46
Deductions		
Transferred to Surplus	$350,000.00	
Dividends Paid on Common Stock	175,000.00	525,000.00
Balance—December 31, 1945		$ 539,524.46

STATEMENT OF RESERVE FOR PREFERRED STOCK RETIREMENT ACCOUNT

Balance Forward—January 1, 1945		$ 266,124.82
Additions		
From Current Earnings		464,012.37
Total		$ 730,137.19
Deductions		
Transferred to Surplus	$400,000.00	
Premium on Preferred Stock Retired	200,000.00	600,000.00
Balance—December 31, 1945		$ 130,137.19

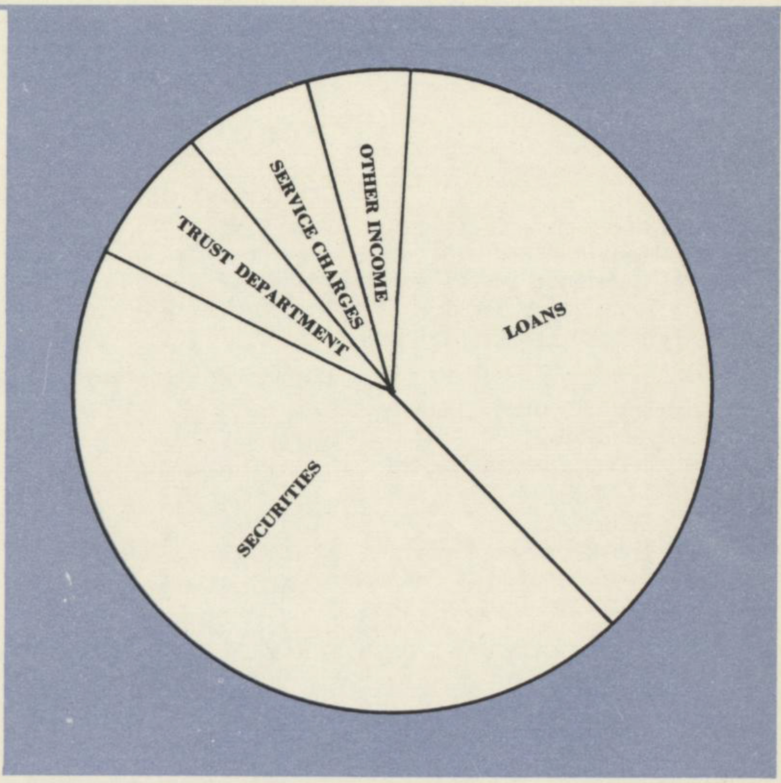
STATEMENT OF RESERVES ACCOUNT

Balance Forward—January 1, 1945		$ 2,381,062.59
Additions		
Profit on Securities Sold (Net)	$272,400.34	
Current Earnings	37,024.18	
Recoveries	629,459.10	938,883.62
Total		$ 3,319,946.21
Deductions		
Amounts Written Off		15,729.66
Balance—December 31, 1945		$ 3,304,216.55

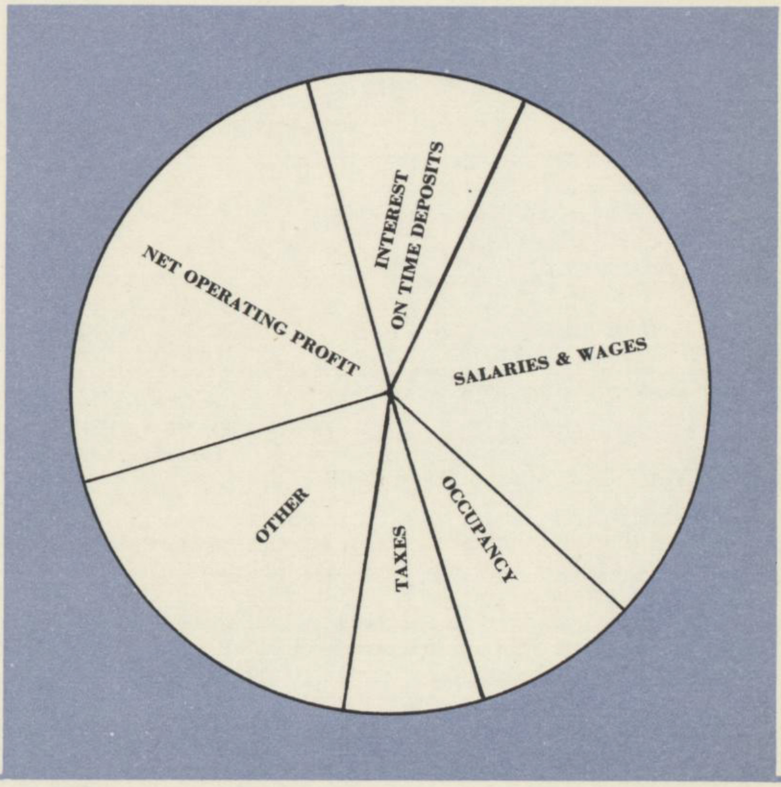
SUMMARY OF CAPITAL ACCOUNTS
(Including Reserves)

Total Forward—January 1, 1945		$17,802,943.31
Additions		
Total Net Earnings		1,961,664.55
Total		$19,764,607.86
Deductions		
25,000 shares Preferred Stock retired at issue price of $24 per share	$600,000.00	
Dividends Paid on Common Stock	175,000.00	
Amounts Written Off	15,729.66	790,729.66
Total—December 31, 1945		$18,973,878.20

PERCENT OF TOTAL OPERATING INCOME



DISTRIBUTION OF OPERATING INCOME



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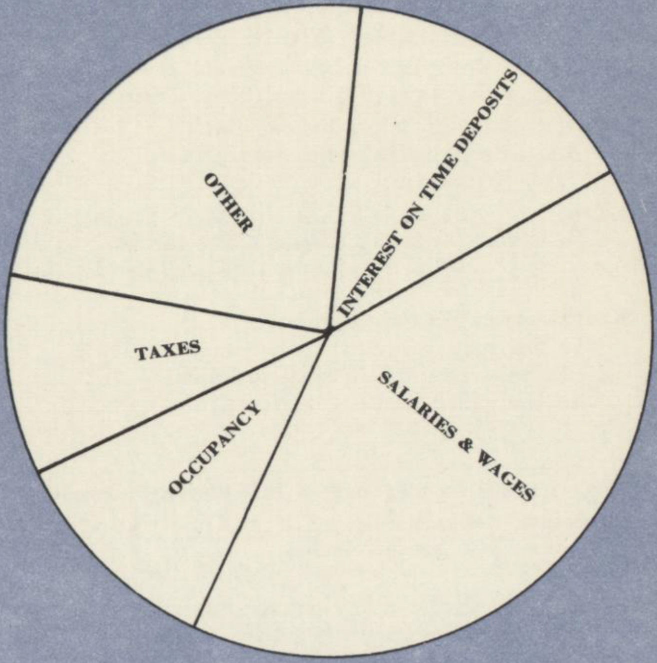
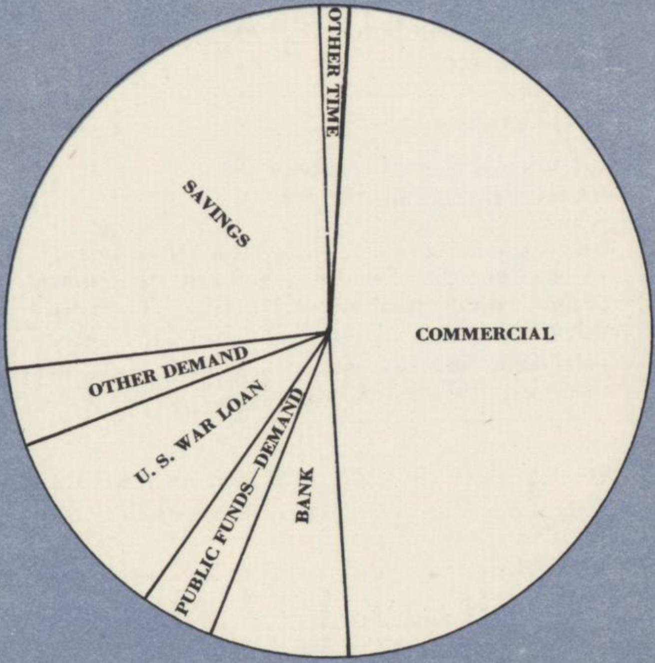
EARNINGS ON COMMON STOCK (Per Share)	1945	1944
Operating Profit Before Dividends and Income Tax	$ 6.81	$ 5.74
Deduct—Provision for Dividend on Preferred Stock	1.09	1.17
Operating Profit Before Income Tax	$ 5.72	$ 4.57
Add—Profit on Securities Sold (Net)	1.09	.71
—Recoveries	2.51	1.56
Total	$ 9.32	$ 6.84
Deduct—Provision for Federal Income Tax	1.48	.24
Total Net Earnings (Including Income from Non-Book Assets)	$ 7.84	$ 6.60
Distribution of Net Earnings		
To Reserves	$ 3.75	$ 2.41
To Preferred Stock Retirement Fund	1.86	1.91
To Undivided Profits	2.23	2.28
Total	$ 7.84	$ 6.60
BOOK VALUE PER COMMON SHARE (Including Reserves)		
Amount—January 1	$32.81	$26.96
Add—Total Net Earnings	7.84	6.60
Total	$40.65	$33.56
Deduct—Dividend on Common Stock	.70	.60
—Amounts Written Off	.06	.15
Amount—December 31	$39.89	$32.81
PERCENT OF TOTAL OPERATING INCOME		
Interest on Loans (After Amortization)	37.13%	42.47%
Interest on Securities (After Amortization)	43.41	37.63
Income from Bank Building Tenants	3.52	4.25
Trust Department Income	7.52	7.09
Service Charges	6.29	6.80
Other Income	2.13	1.76
Total Operating Income	100.00%	100.00%
Distribution of Operating Income		
Interest Paid on Time Deposits	11.21%	10.10%
Salaries and Wages	29.93	32.18
Occupancy Expense (Including Real Estate Taxes)	8.30	9.33
Taxes (Other than Real Estate and Federal Income)	6.96	6.86
Federal Deposit Insurance	3.59	3.52
Other Expenses	14.13	12.92
Total Expenses	74.12%	74.91%
Operating Profit before Income Tax	25.88	25.09
	100.00%	100.00%
AVERAGE RATE OF EARNINGS PER ANNUM (After Amortization)		
Total Loans (Discounts, Mortgage, Personal, etc.)	2.84%	2.69%
U. S. Securities	1.34	1.25
Other Securities	2.89	2.41
Total Securities	1.36	1.29
Total Loans & Securities	1.79	1.78

EXPENSE AND BALANCE SHEET RATIOS

OPERATING EXPENSES PERCENT OF TOTAL



RATIOS TO TOTAL DEPOSITS



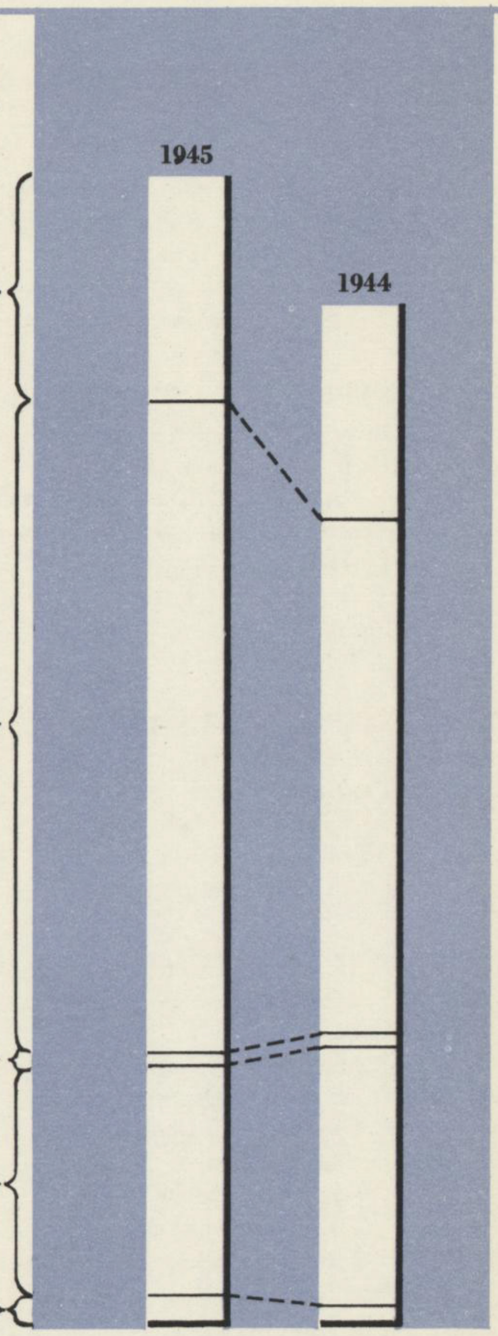
EXPENSES—PERCENT OF TOTAL	1945	1944
Interest Paid on Time Deposits	15.13%	13.49%
Salaries and Wages	40.38	42.96
Occupancy Expenses (Including Real Estate Taxes)	11.19	12.46
Taxes (Other than Real Estate and Federal Income)	9.39	9.16
Federal Deposit Insurance	4.84	4.70
Other Expenses	19.07	17.23
Total Expenses	100.00%	100.00%

ASSETS—PERCENT OF TOTAL		
Reserve—Federal Reserve Bank	9.66%	11.67%
Cash and Due from Banks	8.77	9.85
Total Cash and Due from Banks	18.43%	21.52%
Acceptances, Call Loans, and Commercial Paper	.14	.12
Loans and Discounts	15.43	18.49
Time Credit Loans	1.08	1.09
Mortgage Loans	4.97	5.68
Total Loans	21.62%	25.38%
U. S. Securities	57.67	50.75
Other Bonds and Securities	.66	1.00
Total Securities	58.33%	51.75%
Banking Premises	.58	.69
Acceptances and Letters of Credit	.78	.46
Miscellaneous Assets	.26	.20
Total Assets	100.00%	100.00%

RATIOS TO TOTAL DEPOSITS		
Commercial	39.37%	48.29%
Bank	7.01	7.87
Public Funds—Demand	3.05	1.99
Other Demand Deposits	3.37	4.59
Total Demand Deposits	52.80%	62.74%
Savings Deposits	24.45	22.03
Other Time Deposits	.90	3.33
Total Time Deposits	25.35%	25.36%
Total Demand and Time Deposits	78.15	88.10
War Loan Deposits	21.85	11.90
Total Deposits	100.00%	100.00%

S T A T I S T I C S

Dec. 31, 1945	ASSETS	Dec. 30, 1944
76,578,000	CASH IN VAULT AND DUE FROM BANKS	78,416,000 →
239,654,000	U. S. GOVERNMENT OBLIGATIONS	184,953,000 →
2,735,000	OTHER BONDS AND SECURITIES	3,619,000 →
89,828,000	LOANS AND DISCOUNTS	92,456,000 →
6,765,000	OTHER ASSETS	4,925,000 →
$415,563,000	TOTAL ASSETS	$364.371.000



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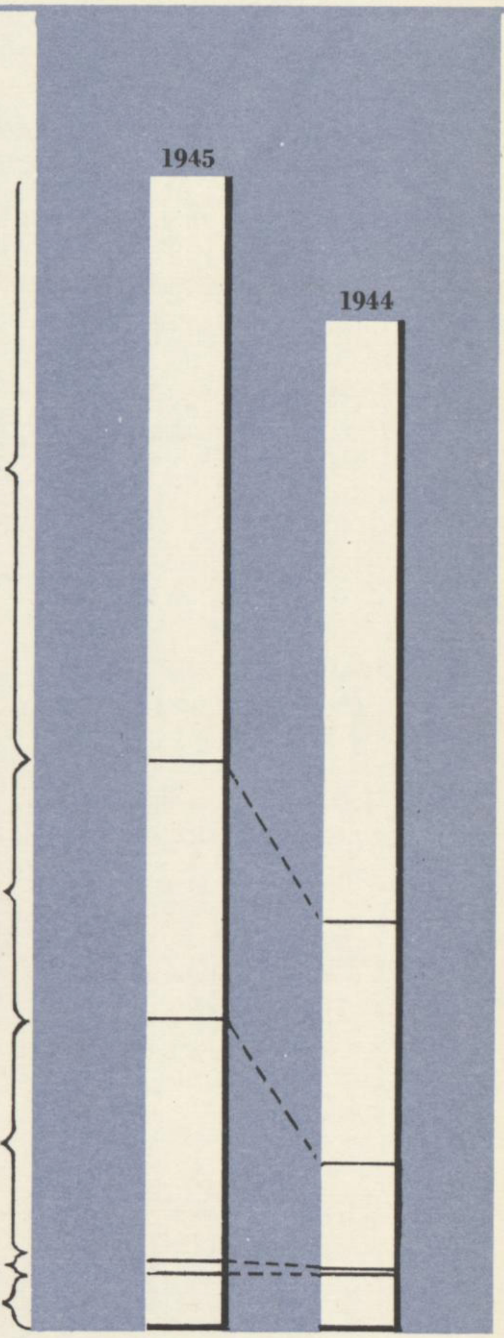
Dec. 31, 1945	LIABILITIES	Dec. 30, 1944
207,156,000	DEMAND DEPOSITS	216,024,000
99,458,000	TIME DEPOSITS	87,321,000
85,713,000	U.S. GOVERNMENT WAR LOAN ACCOUNT	40,981,000
4,259,000	OTHER LIABILITIES	2,241,000
18,973,000	CAPITAL FUNDS	17,802,000
$415,563,000	TOTAL LIABILITIES	$364,371,000



DIRECTORS

Samuel E. Bool
Cleveland, Ohio

James E. Campbell
President, The Campbell Coal Co.

Geo. S. Cole
Cleveland, Ohio

W. C. Connelly
President, The Ohio Seamless Tube Co.

A. M. Corcoran
Vice President

Benedict Crowell
Chairman, Executive Committee

Howard P. Eells, Jr.
President, Basic Refractories Incorporated

A. H. Ferbert
President, Pittsburgh Steamship Co.

Loring L. Gelbach
President

Waitman C. Given
Vice President

M. C. Harvey
M. C. Harvey & Co.

Herbert C. Jackson
Partner—Pickands Mather & Co.

C. P. Leininger
President, Eagle Laundry, Inc.

J. C. McHannan
Chairman

Sterling Newell
Squire, Sanders & Dempsey

Robert W. Purcell
Vice President and General Counsel,
The Chesapeake & Ohio Railway Company

Robert J. Schmunk
Cleveland, Ohio

W. J. Schoenberger
President, The W. J. Schoenberger Co.

Arthur H. Seibig
Vice Chairman

E. W. Sloan, Jr.
Vice President, The E. W. Oglebay Co.

W. B. Stewart
McKeehan, Merrick, Arter & Stewart
and George William Cottrell

Myron H. Wilson, Jr.
Partner—Wilson, McBride & Co.

Alexander T. Wood
Vice President, The Wilson Transit Co.

OFFICERS

Chairman
JOHN C. MCHANNAN

Chairman Executive Committee
BENEDICT CROWELL

Vice Chairman
ARTHUR H. SEIBIG

President
LORING L. GELBACH

GENERAL BANKING

Vice President
CHARLES L. CORCORAN

Vice President
WAITMAN C. GIVEN

Vice President
ROBERT J. IZANT

LOAN ADMINISTRATION

F. C. SCHLUNDT, *Vice President*

REAL ESTATE MORTGAGE LOANS—DIVISION A

Escrows, Real Estate, Real Estate Mortgage Loans, Mortgage Companies, Realtors, Title Companies, Savings & Loan Associations.

W. E. ROE, *Vice President*
JOHN FISH, *Asst. Vice President*
H. C. GOSS, *Asst. Vice President*
H. H. JUERGENS, *Asst. Cashier*
R. W. KNIPPER, *Asst. Cashier*

COMMERCIAL BANKING

DIVISION B

Accountants, Brokerage & Investment Firms, Finance Companies, Graphic Arts, Insurance Underwriters, Jewelers, Laundries, Municipalities, National Manufacturers & Distributors, Out-of-State Banks, Printing & Publishing, Professions, Railroads, Retail Stores.

H. R. HARRIS, *Vice President*
CARL R. LEE, *Vice President*
H. W. PARSONS, *Asst. Vice President*
R. S. STRONG, *Asst. Cashier*

DIVISION C

Beverages, Branch Offices, Cleveland Banks, Contractors, Distillers, Electrical Manufacturers, Engineering Companies, Foundries, Iron & Steel, Machine Tools, Metals & Misc. Manufacturing, Public Utilities, Textiles.

J. M. KILLPACK, *Vice President*
O. A. KUHL, JR., *Vice President*
W. E. CALDWELL, JR., *Vice President*
C. W. CARLSON, *Asst. Vice President*
M. J. HARTMAN, *Asst. Vice President*

DIVISION D

Builders Supplies, Chemicals, Coal, Food Products, Grain, Iron Ore, Lake Transportation, Lumber, Ohio Banks, Ohio Industries, Paints & Varnishes, Petroleum Products, Rubber, Trucking.

F. M. HORTON, *Vice President*
C. H. MARTIN, *Vice President*
H. W. HORTON, *Vice President*
E. L. CARPENTER, *Asst. Vice President*

CONSUMER CREDIT-DIVISION E

Accounts Receivable Financing, Automobile Dealers, Consumer Credit, Dealer Financing, Equipment Loans, F. H.A. Modernizing, Household and Other Appliance Dealers, Insurance Premium Financing, Personal Loans, Time Sales, Veterans (G.I.) Loans.

T. D. HAMMOND, *Vice President*

FOREIGN DIVISION-DIVISION F

Foreign Trade, Foreign Exchange, Foreign & Domestic Commodity & Warehouse Loans, Export-Import Information, Collection of Export Drafts, Letters of Credit, Travelers Letters of Credit & Travelers Checks.

O. L. CARLTON, *Vice President*
J. F. SCHREIER, *Asst. Vice President*

TRUST DEPARTMENT

A. M. CORCORAN, *Vice President*

ESTATES TRUST

Executor or Administrator of Estates; Trustee under living trusts or under will; Guardian of property of minors or others; Trustee of life insurance trusts; Agent for individuals, executors and institutions in handling of investments.

A. C. KNIGHT, *Vice President*
J. P. HANCE, *Vice President*
R. H. METZNER, *Vice President*
R. B. WHITNEY, *Trust Officer*
W. A. HILES, *Asst. Vice President*
H. A. MINNICH, *Asst. Vice President*
C. G. RODGERS, *Asst. Trust Officer*
W. G. STOLL, *Asst. Trust Officer*
BRUCE WHIDDEN, *Asst. Trust Officer*

TAX DEPARTMENT .... C. H. BRALEY, *Manager*

CORPORATE TRUST

Trustee and Fiscal Agent for Bond and Note Issues; Transfer Agent and Registrar, or either, of Capital Stock; Dividend Paying Agent; Trustee for Land Trust Certificate Issues; Depository for Bonds or Stocks under Capital Readjustments; Custodian of Funds under Agreements; Trustee of Property Insurance under Leases; Trustee Under Pension and Profit Sharing Plans.

WARNER C. COLE, *Vice President*
ANTHONY POSS, *Trust Officer*
WILLIAM C. WAY, *Trust Officer*

LEGAL DEPARTMENT

L. F. LAYLIN, *Vice President*
W. T. SMITH, *Assistant Counsel*

OPERATING DEPARTMENT

R. C. Huelsman, *Comptroller*
A. E. Staley, *Auditor*
H. I. Smith, *Asst. Vice President*
C. C. Burchard, *Personnel Director*

★

A. Paul Thompson, *Cashier*
W. P. Abbott, *Vice President*
J. L. Carlson, *Asst. Cashier*
M. W. Moran, *Asst. Cashier*

INVESTMENTS

C. M. Colyer, *Vice President*

CREDIT DEPARTMENT

E. J. Sprankle, *Manager*

SAVINGS DEPARTMENT

W. H. Quayle, *Manager*

BRANCH OFFICES

Main Office
308 Euclid Avenue

★

United Office
2000 West 25th Street
Vice President
C. A. Wilkinson
Asst. Cashiers
C. W. Deutsch
Alvin D. Heil

★

Playhouse Square
1612 Euclid Avenue
Asst. Vice President
D. A. Berardi
Asst. Cashier
A. J. Mampel
HEADQUARTERS
Time Credit Department
Personal Loan Division
Time Sales Division

★

Rockefeller Office
612 Superior Ave., N. W.
Asst. Vice President
G. R. Wyman
Asst. Cashier
W. G. Kirkwood

Kenmore Office
St. Clair Ave. at East 140th St.
Manager
R. S. Wilson

★

Doan Office
Euclid Ave. at East 101st St.
Asst. Vice President
D. D. Scott
Asst. Manager
O. W. Merkle

★

Oul Office
Broadway at East 55th Street
Asst. Vice President
John H. Bonnar
Asst. Manager
A. A. Penkalski

★

Coventry Office
Coventry & Lancashire Roads
Cleveland Heights
Asst. Cashier
L. O. Bond

Buckeye Road Office
Buckeye Road & E. 118th Street
Asst. Cashier
A. M. Rose

★

Lorain-Denison Office
10034 Lorain Avenue
Manager
J. L. Graf

★

Chardon Office
Chardon, Ohio
Asst. Cashier
Wilson W. Smith

★

Chagrin Falls Office
Chagrin Falls, Ohio
Asst. Cashier
R. E. Warnes

DESCRIPTION OF THE BANKING AND TRUST SERVICES OF CENTRAL NATIONAL BANK

I. DEPOSITS

For personal use and for the general and specialized needs of all types of business. No minimum balance is required. A uniform service charge is based only upon the extent to which the account is used.	**CHECKING ACCOUNTS**
A time-tested and accepted manner of providing a cash reserve for the future. Central National's own Earmarked Savings Plan encourages saving with a particular goal in mind and assists the saver in systematically reaching that objective.	**SAVINGS ACCOUNTS**

II. LOANS

Long and short term lines-of-credit for business and industry. Commercial loans are one of the primary lending functions of Central National Bank. This type of credit supplements vital working capital and benefits the entire community through increased employment, payrolls, purchases and profits.	**COMMERCIAL LOANS**
The secured or collateral loan further increases the scope of the bank's extension of credit to industry. Providing for the same general purposes and benefits as the regular commercial loan, it is based upon the borrower's pledging of marketable securities.	**COLLATERAL LOANS**
Time credit for the consumer provided through loans to individuals on their general credit and security. Each loan obligation is set up for a specific period, and discharged by equal monthly installments. An orderly method for keeping bills paid up and credit in good standing.	**PERSONAL LOANS**
Special financing arrangements made for dealers participating in time sales of such durable goods as automobiles, furniture and appliances. Prompt bank financing gives the merchant an important selling tool and frees him from bothersome bookkeeping and collections. Arrangements available whereby the purchaser may request financing through Central National Bank when dealer does not offer this service.	**DEALER FINANCING**
Extension of time credit financing to individuals seeking assistance in repairing, remodelling or modernizing their homes. Includes loans for such jobs as storm windows, new sidewalks, painting, redecorating or adding new rooms to a home.	**HOME IMPROVEMENT LOANS**
Businessmen not using the commercial or collateral loan departments of the bank may secure helpful credit based upon such items as accounts receivable, machinery, inventories and equipment.	**SMALL BUSINESS LOANS**

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LIFE INSURANCE LOANS

Loans secured by the cash surrender value of policies owned by the borrower. They provide convenient terms of repayment at economical rates of interest. Often used to refinance existing life insurance loans at attractive savings.

REAL ESTATE LOANS

A helpful and protective source of credit for the home owner. The mortgage or real estate loan can be set up for the home builder and buyer on regular bank or F.H.A. terms. Each type provides particular features which benefit individual cases. Guidance in securing the most helpful loan will be secured through our Real Estate Department.

WAREHOUSE LOANS

A specialized form of credit setting free capital invested in inventories of finished or processed goods and turning it into cash immediately available for other uses. The stored goods need not be on the borrower's premises. Security is based upon warehouse receipts.

COMMODITY LOANS

A form of Warehouse Loan based upon staple commodities such as ore, grain or wheat. Benefits the manufacturer having large sums of money invested in raw materials.

EQUIPMENT LOANS

The purchase of such special machinery and equipment as steamshovels, bulldozers, display counters and busses needed by contractors, merchants and operators often requires the outlay of large sums of money not immediately at hand. Convenient loans with the purchased items as security can be arranged.

III. TRUSTS

ESTATES TRUSTS

The bank serves as executor or administrator of estates; trustee under living trusts or under will; guardian of property of minors or others; trustee of life insurance trusts, agent for individuals, executors and institutions in handling of investments.

CORPORATE TRUSTS

The bank acts as trustee under pension and profit-sharing plans; trustee and fiscal agent for bond and note issues; transfer agent and registrar, or either, of capital stock; dividend paying agent; trustee for land trust certificate issues, depository for bonds or stocks under capital readjustment; custodian of funds under agreements; trustee of property insurance under leases.

IV. FOREIGN TRANSACTIONS

FOREIGN EXCHANGE

World-wide service and protection for customers' interests in the transmission of debits and credits to and from the currencies of all countries.

LETTERS OF CREDIT

Providing the traveler here or abroad with a prompt method of establishing and drawing upon his credit standing for expenses, purchases and other forms of cash outlay. Highly protective and immediately acceptable for both personal and business use.

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Enabling the traveler on business or pleasure to carry funds in complete safety and in a form that is easily changed back into our money or that of any country.	**TRAVELERS' CHECKS**
The officers of the Foreign Division of Central National Bank are able to offer up-to-the-minute information and helpful guidance to businessmen wishing to renew or broaden their participation in the export-import field and to those just entering it. Exporting from the interior has received much impetus from Central National Bank.	**FOREIGN TRADE**

V. SERVICES

A protective service for both buyer and seller of real estate whereby the signed sales agreement between the two and the monetary consideration to be paid are deposited with the bank. Title is delivered to the buyer and purchase price or other consideration to the seller when the respective terms of the agreement have been fulfilled by each party.	**REAL ESTATE ESCROWS**
Prompt returns are made on collections of checks, notes, trade acceptances, drafts, bills of lading and similar items due and payable at distant or local points.	**COLLECTIONS**
Rental of various size lock boxes for the safekeeping of securities, jewelry, important papers and similar valuables. All safe deposit boxes are an integral portion of the bank's modern protective svstem for its own and customers' assets.	**SAFE DEPOSIT**
Bank vault protection for customers' securities deposited under official receipt. A service provided to individuals, businesses and other banks. It may include the collection of dividends and clipping and cashing of coupons for deposit directly to specified accounts.	**SAFEKEEPING**
Carrying out customers' orders for the purchase of stocks and bonds. The bank also acts as an issuing agent for E bonds and will execute purchase orders for other types of U. S. Government securities.	**SECURITY TRANSACTIONS**
A safe and inexpensive way to send through the mail. Available right at the bank, bank money orders may be cashed anywhere.	**BANK MONEY ORDERS**
The main office and all branches provide a convenient method for those who wish to pay utility bills such as electricity, gas and water.	**UTILITY BILL PAYMENT**
Special forms and envelopes are available for making deposits to commercial or savings account by mail. A timesaving method which provides an acknowledgment on each deposit and additional material for the next bank by mail deposit.	**BANK BY MAIL**

HONOR ROLL

Men and women of Central National Bank of Cleveland still in the armed services of our country or honorably discharged:

Maybelle Andrews
James Arcuri
*William G. Arnold
Helen E. Barnett
William J. Barzen
*John D. Beale
*Lawrence J. Benes
*Curtis W. Blazer
William J. Bonner
*Charles L. Brooks
*Eugene D. Buckley
Isabel M. Burt
David B. Campbell
*Janet R. Campbell
*Eleanor E. Carver
*Edward T. Clifford
*E. Howard Come
H. Cave Conklin
*Harold M. Corbett
*C. Robert Corcoran
*Francis J. Doudican
*Thelma P. Dumke
J. Howard Fangboner
*Eugene M. Fast
*Anthony J. Fiocco
*William E. Flack
Jeanne S. Folger
*James R. Fuller, Jr.
Mary V. Gallagher
George J. Gary
*Jean Gaum
Arthur C. Gerhan
Marion Glawe
Arthur J. Gneuhs
Howard J. Goellnitz
LeRoy A. Guenther
Irene A. Hallman
*George E. Harrington
Henry L. J. Hebing
*Cecil J. Hobert
*Sylvester J. Hodous
Edmund H. Hogan
Louis F. Holfelder
Wilmer A. Holl
*James G. Horvath
Robert J. Huisman
Henry B. Irish
Joseph E. Job
*Clifford L. Johnson
Raymond A. Jones, Jr.
Dawson D. Kailer
*Harry W. Kellogg
*Madeline T. Kleinhenz
Fred A. Klug
*Paul T. Kraft
Edward A. Kvatek
Charles P. Lamb
*William F. Langley
Eugene A. Lewis
*Kirke P. Lincoln, Jr.
*Robert P. Lindmiller
*Andrew E. Liptak, Jr.
*Arthur W. Loehr
Samuel C. Manzo
*Fred E. Marino
*John F. Marshall
*L. Calvin Maxwell
*Robert H. May
Richard E. Mayne
*James L. McCall
*Charles D. Meckes
John L. Montgomery
Wilson H. Morris
*Richard J. Moser
*Arlene Mosher
*John T. Nealon
*Richard G. Oberg
*George M. O'Brien
*John F. O'Hair
Robert C. Palmer
*Andrew Pavlik
Norman J. Pecl
*James A. Petrequin
*Eleanore Petro
*Albert R. Pike
Paul V. Purcell
*Frank I. Reeves
*Robert W. Resch
*Edgar N. Rhodes
William F. Richtarsic
Ethel M. Rowdybush
Robert A. Schoeffler
*Robert E. Shull
*Edna A. Simpson
*Frank O. Slavik
Charles Slocum, Jr.
H. Wayne Smith
*John J. Spence
Charles J. Stetina
*Albert Strobl
*Robert F. Swander
*William F. Taylor, Jr.
T. J. Thayer
*Robert R. Uhler
Gerald J. Urpschot
*John H. VanValkenburg
Lloyd H. Vaughn, Jr.
Leo Waag
*Eugene H. Wallace
Albert J. Weiler, Jr.
Elmer D. Weizer
Vernon J. Wells
John A. Williams
*Robert J. Wolfe
Virginia Juanita York

*Honorably discharged